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Far Eastern Economic Review

Japan 1992 - Looking for a Role

Far Eastern Economic Review; Hong Kong; Jun 18, 1992; Delfs, Robert;

Volume: 155
Issue: 24
Start Page: 41
ISSN: 00147591
Subject Terms: Trade relations
Trade policy
Foreign investment
Economic trends
Balance of payments
Classification Codes: **9190**: *US*
9179: *Asia & the Pacific*
1300: *International trade & foreign investment*
1120: *Economic policy & planning*
Geographic Names: US
Japan

Abstract:
*Tendencies toward the formation of exclusive **economic** groupings in Europe and North America threaten not just Japan but also other dynamic but highly trade-dependent East Asian economies, which experienced dynamic **economic** growth in the 1980s. The controversy in Japan over legislation to allow its Self-Defence Force to participate in UN peacekeeping operations suggests there is still a long way to go to reach a consensus on Japan's place in the new world order. Most unnerving for Japan has been the emergence of new strains in its relations with the US. Within Asia, the US-Japan security alliance is vitally important to neighboring countries which fear that without it, Japan would be compelled to adopt a more assertive political and military presence in the region. For many analysts, increasing **economic** integration and technological interdependence between the US and Japan remain the overriding factors driving long-term strategic developments into the next century.*

Full Text:

The threat posed by growing trade tensions with the US and Europe is complicating Japan's search for a new and regional role in the post-Cold War era in keeping with its enormous wealth and **economic** power.

Despite pressure from trading partners to reduce the country's ballooning balnce of payemnts surplus, this trade surplus has become virtually structural and is unlikely to be reduced in a hurry.

Tendencies toward the formaiton of exclusive **economic** groupings in in Europe and North America threaten not just Japan but also other dynamic but highly trade-dependent East Asian economies, which experienced dynamic **economic** growth in the 1980s. Ironically, this has driven Japan, so often accused of protectionism, to emergence as a leading advocate of global free trade, while at the same time becoming increasingly interested in forming defensive trade alliances in Asia as a fall-back position.

Heightening trade tensions with the US in particular are unnerving for Tokyo because of their longstanding "special relationship." Not only are Japan's overall foreign and trade policies based on the premise of cooperation with the US, but the US-Japan security alliance is vital to assure neighbouring countries that Japan will not feel compelled to adopt a more assertive political and military presence in the region.

The controversy in Japan over legislation to allow its Self-Defence Force to participate in UN peace-keeping operations, suggests there is still a long way to go to reach a consensus on Japan's place in the new world order.

The original concept of the bill, born out of the criticism of Japan's failure to contribute manpower as well as money to the UN-authorised coalition in the 1990 Gulf War was "to allow Japan to make a more visible contribution to international efforts to resolve conflicts threatening international peace and security," according to Jiro Okuyama, a Japanese foreign ministry official.

In its final form, after months of debate, the bill required specific approval by the Japanese parliament before troops could be dispatched overseas and still barred them from any situation involving the threat of combat. Even so it met domestic opposition on the grounds that it violated Article 9 of the Japanese Constitution, which provides that the Japanese people "forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes." And even with safeguards, China, South Korea and other Asian countries have also expressed concern about the plan.

But the real reasons why Japan's global strategy still seems tentative and adrift has as much or more to do with uncertainty about its relationship with the US, as it does about its own lack of direction or resolve.

According to Rand Corp.'s Jonathan Pollack, weakened political leadership on a global scale has left a conceptual vacuum. He sees "an indeterminate strategic situation in which nobody has any idea what is driving geo-political relationships beyond their gut instincts about **economic** and military power."

The new world order expected to emerge in the wake of the collapse of the Soviet Union has not yet taken shape. Instead, domestic politics have become more volatile in all the leading industrial countries--the G-7. This has led to less self-confident governments not only in Germany, France, and Britain, but also in the US, where electoral challenges to President George Bush have been compounded by recession and the recent focus on urban violence.

"While the world remains in flux, it is all the more difficult for Japan to stake out a new international role," a senior Foreign Ministry official said.

The continuing crises in what was formerly Yugoslavia and that between Armenia and Azerbaijan have dashed hopes that the UN could take on the task of deterring aggression and resolving international conflicts.

Although geographically distant from Japan, the Serbian crises and those in the former Soviet Union have crystallised latent doubts about the adequacy of all post-Cold War security arrangements. While the former communist Warsaw Pact has ceased to exist, neither NATO nor the EC have managed to mobilise any effective response.

This, in turn, calls into question what would happen if US-centred bilateral security arrangements in Asia were tested by a similarly complex conflict arising in this region.

Most unnerving for Japan has been the emergence of new strains in its relations with the US. It is not only that Japan's overall foreign and trade policies are based on the premise of US global leadership. Within Asia, the US-Japan security alliance is vitally important to neighbouring countries who fear that without it, Japan would be compelled to adopt a more assertive political and military presence in the region.

How badly frayed the ties between Washington and Tokyo have become was starkly highlighted during Bush's visit to Tokyo in January. This trip was designed to demonstrate the heightened importance of the US-Japan relationship in the absence of a common strategic adversary, based on a redefined security relationship and the high level of **economic** inter-dependence between the two countries.

Instead, the summit was all but hijacked by Chrysler Corp. Chairman Lee Iacocca and other US executives accompanying Bush to Tokyo, who demanded at a press conference that Japan agree to a fixed schedule for reducing its bilateral trade surplus with the US, currently running around US$40 billion a year.

As far as press coverage was concerned, Bush's collapse at a state dinner given by Prime Minister Kiichi Miyazawa far over-shadowed the contents of the Tokyo Declaration signed by the two leaders, intended to redefine a new US-Japan "global partnership" in the post-Cold War era.

But what perhaps illustrates the current tone of US-Japan relations better than the Tokyo Declaration, is Michael Crichton's best-selling suspense novel Rising Sun, which portrays Japan as a new "evil empire," engaged in a worldwide conspiracy to achieve **economic** and political domination over the US.

US Vice-President Dan Quayle, in a speech in New York to the Council on Foreign Relations in April, characterised the US-Japan security relationship as the "vital linchpin of peace and security throughout Asia and the Pacific." Similarly, US Defence Secretary Dick Cheney, when he visited Tokyo last November, described the US-Japan alliance as the "core" of US regional security policy which is "helping to provide region-wide security."

The problem is that the logic underpinning the US-Japan alliance still remains essentially rooted in the Cold War era, tied to a military threat posed by the Soviet Union and its client states, while the strategic focus of the US military presence in Asia has shifted to the threat posed by regional conflicts.

US Secretary of State James Baker wrote in a recent issue of Foreign Affairs: "What was a secondary aspect of our Cold War era security presence is becoming the primary rationale for our defence engagement in the (Asian) region: to provide geopolitical balance, to be an honest broker, (and) to reassure against uncertainty."

The reality, as both US and Japanese officials privately admit, is that the US **naval presence** and **forward**-deployed forces in the Western Pacific are there to prevent a power vacuum developing in Asia and to forestall attempts by any regional power, particularly Japan itself, to fill such a vacuum.

"To say this openly would be tantamount to admitting that we cannot trust ourselves, we can't even try," a Japanese official explained. "What we do say is that our alliance with the US gives international

credibility to our pledge that Japan will never become a military power that threatens any other nation."

The gap between the rhetoric and substance of the post-Cold War US-Japan alliance makes it politically vulnerable in the event of an actual crisis in the region, because in that event the US would almost certainly have to respond unilaterally, with limited or even no real help from Japan.

Japan is politically unprepared to participate actively with the US in dealing with a regional conflict arising on the Korean Peninsula, the contested islands of the South China Sea, or the Straits of Taiwan. Nor would many other Asian countries welcome, even as a last resort, the presence of Japanese troops even limited to non-combat supporting roles.

Such a crisis in Korea, for example, could be triggered by confrontation over Pyongyang's nuclear weapon production facilities. The possible need for intrusive inspections of North Korea's nuclear facilities was recently jointly raised by US Congressman Stephen Solarz and US Assistant Secretary of Defence for International Security Affairs, James Lilley.

For the Pacific alliance to remain viable after such a crisis might depend on whether US political leaders could explain to the American public why Japan's troops remained at home on alert while US forces suffered casualties. The way the Bush administration and the US Congress dealt with Japan's internal difficulties at the time of the Gulf War offers little ground for confidence that such a public relations exercise would be successful.

This is not to suggest imminent crisis. The collapse of Soviet world power has so far had a generally benign effect on regional stability in Asia. There has been a dramatic reduction of tension on China's borders with India, Vietnam and the former Soviet Union in the past few years. The process of resolving the longstanding conflict in Cambodia has accelerated, and North Korea has been induced to engage in dialogue with the US, Japan, and the government in South Korea.

For many analysts, moreover, increasing **economic** integration and technological inter-dependence between the US and Japan remains the overriding factor driving long-term strategic developments into the next century.

"Despite the Japan-bashing in the US...the forces leading toward a US-Japan 'bigemony' or 'pax cansortis' are becoming stronger every day," according to Takashi Inoguchi, Professor of Political Science at Tokyo University.

"Bigemony," a word coined by C. Fred Bergsten, Director of the Institute of International Economics, refers to the fusion of US and Japanese manufacturing, financial and commercial sectors into a single integrated economy which would be a dominant force in the world. Former Japanese prime minister Yasuhiro Nakasone is a prominent supporter of this model, which implies Japan would take on a gradually increasing security role.

On the other hand, Inoguchi's pax consortis scenario, assumes a less ordered international system of shifting consortia and coalitions which is not necessarily dominated by the US.

In this model, Japan would remain a non-military power, and its relations with the US would remain, in substance, far less than a full military alliance. Japan would focus its energies on coalition diplomacy, coordinating and promoting the interests of Asian and Pacific countries internationally, and acting, if necessary, as an intermediary in regional conflicts.

The potential vulnerability of US-Japan relations in the face of crisis has, in fact, stimulated Japanese diplomatic efforts to ease regional tensions and strengthen emerging regional security consultative mechanisms. The end result suggests movement in the direction of pax consortis rather than the US-Japanese "bigemony."

For example, Japan has acted as a go-between for the US and China, notably after the crushing of the pro-democracy demonstrations in Peking's Tiananmen Square in June 1989. Then prime minister Toshiki Kaifu pushed successfully for relaxing the post-Tiananmen **economic** sanctions against China at the G-7 summit in August 1990, and Tokyo was the first of the group to unfreeze its **economic** aid to Peking.

Western human rights activists have accused Japan of timidity in confronting human rights abuses by Asian regimes, but it is also true that Tokyo's massive official development assistance and high investment levels can be an important, if unspoken, source of political pressure.

Japanese loans to Asia fell to Y604.7 billion (US$4.65 billion) last year, largely because of decreased lending to the Philippines and the cessation or loans to South Korea as Seoul became a net contributor. But Japan's loans as well as grant aid to Asia (US$1.35 billion in 1990) still far outshadows US **economic** assistance to the region.

Japan's aid to China in 1989 --US$832.18 million--accounted for 55.7% of all bilateral assistance to China, for example. Aid to Indonesia (US$1.15 billion) was 67% of total aid received.

While Japan, unlike the Netherlands, did not suspend aid to Indonesia following the killing of more than 50 East Timorese protesters in Dili last November, Tokyo officials claim Japanese pressure was instrumental in insuring that an Indonesian government report assigned partial responsibility to its own security forces. "Our message was quiet, but completely clear," an official said.

The recent tentative steps in Burma by the ruling State Law and Order Restoration Council to relax its iron grip on the nation, including the decision to allow opposition leader Aung San Suu Kyu to receive visits from her family, and moves toward resolving the problem of Burmese refugees in Bangladesh, have also been attributed to quiet Japanese pressure.

The idea that the annual Asean post ministerial conference become a forum for discussing regional security issues among the Asean nations and Japan, the US, Australia, and Canada, first proposed by then Japanese foreign minister Taro Nakayama last July, received support at the Asean summit in January.

Japanese Vice-Foreign Minister Hiroshi Owada told participants at the Williamsburg Conference in April that the emerging consensus among countries in the region was "not for construction of a single concrete architecture for security arrangements, but...establishment of a framework for security dialogue."
